

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7278**

**BILL NUMBER:** HB 1287

**NOTE PREPARED:** Feb 7, 2011

**BILL AMENDED:** Feb 7, 2011

**SUBJECT:** Local Option Tax Distributions.

**FIRST AUTHOR:** Rep. Smith M

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides for a distribution of the local income tax rate imposed for public safety to townships and fire protection districts.

**Effective Date:** January 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Under current law, counties may adopt a public safety LOIT if they have also adopted either the property tax freeze LOIT or the property tax credit LOIT. Revenue from the public safety LOIT is distributed to the county taxing unit and municipalities pro-rata, based on each unit's previous attributed levy amount.

In addition to the county unit and municipalities, beginning in CY 2012 this bill would distribute part of the revenue to fire protection districts and townships that provide fire, ambulance, and EMS services. For townships, the attributed levy would equal only the levies for fire, ambulance, and EMS services. The revenue distributed to townships and fire protection districts would be paid from the counties' current share.

Twenty counties have imposed a public safety LOIT in CY 2011 with a total certified distribution of \$93.1 M. Sixteen of these counties adopted the tax under the CAGIT statute and four counties adopted under the

COIT statute. If this bill had been in force for CY 2011, townships would have received \$8.2 M and fire protection districts would have received \$0.2 M from the public safety LOIT. The table below shows an illustration of this bill's effect on public safety LOIT distributions by unit type. The provision is effective in 2012, with the illustration based on 2011 distributions.

<b>Illustration of Public Safety Local Option Income Tax Distribution (Using 2011) (In Millions)</b>			
<b>Unit Type</b>	<b>Actual</b>	<b>Proposed</b>	<b>Change</b>
Counties	\$ 68.6	\$ 60.2	\$ -8.4
Municipalities	24.5	24.5	0
Townships	-0-	8.2	8.2
Fire Protection Districts	-0-	0.2	0.2
<b>Total</b>	\$ 93.1	\$ 93.1	\$ 0

**State Agencies Affected:** State Budget Agency.

**Local Agencies Affected:** Townships; Fire protection districts.

**Information Sources:** State Budget Agency, CY 2011 Advisory Distribution Amounts and LOIT tax rates as of November 24, 2010; 2011 Public Safety LOIT distributions, DLGF.

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.